
EXHIBIT 3



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Special Attention of:

All FHA Approved Mortgagees
All Direct Endorsement Underwriters
All Eligible Submission Sources
for Condominium Project Approvals
All FHA Roster Appraisers
All FHA Approved 203(k) Consultants
All HUD Approved Housing Counselors
All HUD Approved Nonprofit Organizations
All Governmental Entity Participants
All Real Estate Brokers
All Closing Agents

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1. This Transmits:

Handbook 4000.1, FHA Single Family Housing Policy Handbook, Condominium Project Approval content.

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Assistant Secretary for Housing – Federal Housing Commissioner

III. SERVICING AND LOSS MITIGATION**A. Title II Insured Housing Programs Forward Mortgages****1. Servicing of FHA-Insured Mortgages**

III. SERVICING AND LOSS MITIGATION**A. TITLE II INSURED HOUSING PROGRAMS FORWARD MORTGAGES**

This section provides the standards and procedures applicable to the servicing of all Single Family (one to four units) Mortgages insured under Title II of the National Housing Act, except for Home Equity Conversion Mortgages (HECM). The Mortgagee must fully comply with all of the following standards and procedures when servicing a Mortgage insured by the Federal Housing Administration (FHA).

1. Servicing of FHA-Insured Mortgages

Only FHA-approved Mortgagees may service FHA-insured Mortgages. Mortgagees may service Mortgages they hold or that are held by other FHA-approved Mortgagees.

a. Servicing in Compliance with Law**i. Definition**

The Mortgage Holder is the Entity who holds title to the FHA-insured Mortgage and has the right to enforce the mortgage agreement.

The Mortgage Servicer is the Entity responsible for performing servicing actions on FHA-insured Mortgages on its behalf or on behalf of or at the direction of another FHA-approved Mortgagee.

ii. Standard

Holders must ensure all FHA-insured Mortgages are serviced by a Servicer in accordance with FHA requirements and all applicable laws.

Servicers must service all FHA-insured Mortgages in accordance with FHA requirements and all applicable laws.

(A) Laws Applicable to Mortgage Servicing Generally

Mortgagees must comply with all laws, rules, and requirements applicable to mortgage servicing, including full compliance with the applicable requirements under the purview of the Consumer Financial Protection Bureau (CFPB), including the Real Estate Settlement Procedure Act (RESPA) and the Truth in Lending Act (TILA).

FHA requirements that are more stringent or restrictive than those provided for in applicable law are set forth in this *SF Handbook* and the Mortgagee must comply with these requirements.

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(B) Contract Terms

Where mortgage contract terms are more stringent or restrictive than those provided for in applicable law, the Mortgagee must comply with the mortgage contract terms.

(C) Nondiscrimination Policy

Mortgagees must comply with all antidiscrimination laws, rules, and requirements applicable to servicing performing FHA-insured Mortgages and FHA-insured Mortgages in Default, including full compliance with the applicable requirements of:

- Title VIII of the Civil Rights Act of 1968 (Fair Housing Act);
- the Fair Credit Reporting Act, Public Law 91-508; and
- the Equal Credit Opportunity Act (ECOA), Public Law 94-239 and 12 CFR Part 202.

The Mortgagee must make all determinations with respect to the adequacy of the Borrower's income in a uniform manner without regard to race, color, religion, sex, national origin, familial status, handicap, marital status, actual or perceived sexual orientation, gender identity, source of income of the Borrower, or location of the Property.

b. Responsibility for Servicing Actions

Holders are responsible for all servicing actions, including the acts of its Servicers.

Servicers are responsible for their actions in servicing FHA-insured Mortgages, including actions taken on behalf or at the direction of the Holder.

The costs associated with subservicing may not be imposed on the Borrower or passed along to HUD in a claim for mortgage insurance benefits.

i. Responsibility during Transfers of Servicing Rights**(A) Definitions**

The Transferor Servicing Mortgagee is the Mortgagee that transfers servicing responsibilities.

The Transferee Servicing Mortgagee is the Mortgagee to which the servicing responsibilities have been transferred.

The Transfer Date is the date on which the Borrower's Mortgage Payment is first due to the Transferee Servicing Mortgagee.

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(c) Installment Due Date Falls on a Non-Business Day

When the Installment Due Date falls on a non-business day, the Mortgagee must consider a Borrower's Notice of Intent to Prepay or the receipt of the prepayment amount for a Mortgage closed before January 21, 2015 timely if received on the next business day.

(3) Payoff Disclosure Requirements

When notified of the Borrower's intent to prepay, the Mortgagee must send the [Payoff Disclosure](#) and copy of the payoff statement directly to the Borrower, even if the Mortgagee is dealing with an Authorized Third Party.

The Mortgagee will forfeit any interest collected after the date of prepayment if these disclosure requirements are not met.

(D) Trustee's Fee for Satisfactions

If specifically provided for in the security instrument, the Mortgagee may charge the Borrower the amount of the trustee's fee, plus any reasonable and customary fee for payment, or for the execution of a satisfaction, release or trustee's deed when the debt is paid in full.

(E) Recording Fees for Satisfactions

The Mortgagee may charge the Borrower a reasonable and customary fee for recording satisfactions in states where recordation is not the responsibility of the Mortgagee.

f. Servicing Fees and Charges**i. Definition**

Allowable Fees and Charges are those costs associated with the servicing of the Mortgage that are permitted to be charged to the Borrower.

Prohibited Fees and Charges are those costs associated with the servicing of the Mortgage that may not be charged to the Borrower.

ii. Standard**(A) Reasonable and Customary Fees and Charges**

The Mortgagee may collect certain reasonable and customary fees and charges from the Borrower after the Mortgage is insured and as authorized by HUD below. All fees must be:

- reasonable and customary for the local jurisdiction;

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- based on actual cost of the work performed or actual out-of-pocket expenses and not a percentage of either the face amount or the unpaid principal balance of the Mortgage; and
- within the [maximum amount allowed by HUD](#).

(B) Requests for Approval for Other Fees or Charges

The Mortgagee may request approval from the National Servicing Center (NSC) for any fee, charge, or unusual service not specifically mentioned in this *SF Handbook*. The Homeownership Center (HOC) will determine the maximum amount of any fee based on what is reasonable and customary in the area.

(C) Prohibited Fees and Charges

The Mortgagee must not charge the Borrower for the following services:

- costs of telephone calls, telegrams, personal visits with the Borrower, certified mail, or other activities that are normally considered a part of a prudent Mortgagee's servicing activity;
- Mortgagee's use of an independent contractor such as a tax service to furnish tax data and information necessary to pay property taxes or make the payments on behalf of the Mortgagee;
- preparing and providing evidence of Payoff, Reconveyance, or termination of the Mortgage;
- providing information essential to the Payoff;
- recording the Payoff of the Mortgage in states where recordation is the responsibility of the Mortgagee; or
- fees for services performed by attorneys or trustees who are salaried members of the Mortgagee's staff.

iii. Required Documentation

The Mortgagee must include in the servicing file:

- documentation of the amount of any fees and charges paid or payable by the Borrower; and
- documentation supporting the actual cost of any work performed or out-of-pocket expenses.

g. Escrow**i. Definition**

An Escrow Account is a set of funds collected by the Mortgagee for payment of taxes, insurance, and other items required by the mortgage Note.

Appendix 3.0 – Post-Endorsement Fees and Charges by HOC (Applies to Servicing Only)**APPENDIX 3.0 – POST-ENDORSEMENT FEES AND CHARGES BY HOC (APPLIES TO SERVICING ONLY)****Philadelphia HOC**

Type of Service	CT	DE	DC	ME	MD	MA	MI	NH	NJ	NY
Substitution of Hazard Insurance Policy	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Returned Check*	\$25	\$15	\$15	\$25	\$15	\$25	\$20	\$25	\$20	\$20
Modification of performing Mortgage	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Modification of the mortgaged Property	\$100	\$110	\$110	\$100	\$110	\$100	\$150	\$100	\$100	\$100
Incorporating a Borrower's name change into the Servicer's loan system	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Re-analyzing escrow accounts and providing new coupon books	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Copy of Mortgage Note	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Copy of Closing Disclosure**	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Copy of Amortization Schedule**	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Replacement Coupon Books	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Verification of Mortgage	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
Copy of Year-End Statement	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Transmittal of Payoff Statement via Facsimile	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Additional Payoff Statements***	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10

* Unless prohibited by the Borrower's bank, the Mortgagee must present the check for payment twice before it can be deemed "uncollectible" when returned unpaid.

**other than the statement or schedule provided at closing

*** after two payoff statements have been provided free of charge for the calendar year

Handbook 4000.1

Effective Date: 03/14/2016 | Last Revised: 08/14/2019

*Refer to the [online version](#) of SF Handbook 4000.1 for specific sections' effective dates

Appendix 3.0 – Post-Endorsement Fees and Charges by HOC (Applies to Servicing Only)

Type of Service	OH	PA	RI	VT	VA	WV
Substitution of Hazard Insurance Policy	\$10	\$10	\$10	\$10	\$10	\$10
Returned Check*	\$20	\$15	\$25	\$25	\$15	\$15
Modification of performing Mortgage	\$50	\$50	\$50	\$50	\$50	\$50
Modification of the mortgaged Property	\$100	\$110	\$100	\$100	\$110	\$110
Incorporating a Borrower's name change into the Servicer's loan system	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Re-analyzing escrow accounts and providing new coupon books	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Copy of Mortgage Note	\$10	\$10	\$10	\$10	\$10	\$10
Copy of Closing Disclosure**	\$10	\$10	\$10	\$10	\$10	\$10
Copy of Amortization Schedule**	\$15	\$15	\$15	\$15	\$15	\$15
Replacement Coupon Books	\$5	\$5	\$5	\$5	\$5	\$5
Verification of Mortgage	\$20	\$20	\$20	\$20	\$20	\$20
Copy of Year-End Statement	\$5	\$5	\$5	\$5	\$5	\$5
Transmittal of Payoff Statement via Facsimile	\$5	\$5	\$5	\$5	\$5	\$5
Additional Payoff Statements***	\$10	\$10	\$10	\$10	\$10	\$10

* Unless prohibited by the Borrower's bank, the Mortgagee must present the check for payment twice before it can be deemed "uncollectible" when returned unpaid.

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Appendix 3.0 – Post-Endorsement Fees and Charges by HOC (Applies to Servicing Only)**Atlanta HOC**

Type of Service	AL	FL	GA	KY	IL	IN	MS	NC	PR	SC
Substitution of Hazard Insurance Policy	\$10	\$15	\$10	\$10	\$10	\$10	\$7.50	\$7.50	\$10	\$15
Returned Check*	\$10	\$20	\$15	\$15	\$20	\$25	\$15	\$15	\$10	\$20
Modification of performing Mortgage	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Modification of the mortgaged Property	\$100	\$100	\$125	\$100	\$100	\$100	\$100	\$150	\$100	\$100
Incorporating a Borrower's name change into the Servicer's loan system	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Re-analyzing escrow accounts and providing new coupon books	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Copy of Mortgage Note	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Copy of Closing Disclosure**	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Copy of Amortization Schedule**	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Replacement Coupon Books	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Verification of Mortgage	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
Copy of Year-End Statement	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Transmittal of Payoff Statement via Facsimile	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Additional Payoff Statements***	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10

* Unless prohibited by the Borrower's bank, the Mortgagee must present the check for payment twice before it can be deemed "uncollectible" when returned unpaid.

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Appendix 3.0 – Post-Endorsement Fees and Charges by HOC (Applies to Servicing Only)

Type of Service	TN	VI
Substitution of Hazard Insurance Policy	\$7.50	\$10
Returned Check*	\$20	\$10
Modification of performing Mortgage	\$50	\$50
Modification of the mortgaged Property	\$150	\$100
Incorporating a Borrower's name change into the Servicer's loan system	No Charge	No Charge
Re-analyzing escrow accounts and providing new coupon books	No Charge	No Charge
Copy of Mortgage Note	\$10	\$10
Copy of Closing Disclosure**	\$10	\$10
Copy of Amortization Schedule**	\$15	\$15
Replacement Coupon Books	\$5	\$5
Verification of Mortgage	\$20	\$20
Copy of Year-End Statement	\$5	\$5
Transmittal of Payoff Statement via Facsimile	\$5	\$5
Additional Payoff Statements***	\$10	\$10

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Appendix 3.0 – Post-Endorsement Fees and Charges by HOC (Applies to Servicing Only)**Denver HOC**

Type of Service	AR	CO	IA	KS	LA	MO	MN	MT	NE	NM
Substitution of Hazard Insurance Policy	\$10	\$10.50	\$10	\$10	\$10	\$10	\$10	\$10.50	\$10	\$10
Returned Check*	\$25	\$15	\$15	\$15	\$25	\$15	\$20	\$15	\$15	\$15
Modification of performing Mortgage	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Modification of the mortgaged Property	\$110	\$100	\$100	\$100	\$110	\$100	\$100	\$100	\$100	\$110
Incorporating a Borrower's name change into the Servicer's loan system	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Re-analyzing escrow accounts and providing new coupon books	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Copy of Mortgage Note	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Copy of Closing Disclosure**	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Copy of Amortization Schedule**	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Replacement Coupon Books	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Verification of Mortgage	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
Copy of Year-End Statement	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Transmittal of Payoff Statement via Facsimile	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Additional Payoff Statements***	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10

* Unless prohibited by the Borrower's bank, the Mortgagee must present the check for payment twice before it can be deemed "uncollectible" when returned unpaid.

**other than the statement or schedule provided at closing

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Appendix 3.0 – Post-Endorsement Fees and Charges by HOC (Applies to Servicing Only)

Type of Service	ND	OK	SD	TX	WI	WY	UT
Substitution of Hazard Insurance Policy	\$10.50	\$10	\$10.50	\$10	\$10	\$10.50	\$10.50
Returned Check*	\$15	\$25	\$15	\$25	\$20	\$15	\$15
Modification of performing Mortgage	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Modification of the mortgaged Property	\$100	\$110	\$100	\$110	\$100	\$100	\$100
Incorporating a Borrower's name change into the Servicer's loan system	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Re-analyzing escrow accounts and providing new coupon books	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Copy of Mortgage Note	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Copy of Closing Disclosure**	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Copy of Amortization Schedule**	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Replacement Coupon Books	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Verification of Mortgage	\$20	\$20	\$20	\$20	\$20	\$20	\$20
Copy of Year-End Statement	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Transmittal of Payoff Statement via Facsimile	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Additional Payoff Statements***	\$10	\$10	\$10	\$10	\$10	\$10	\$10

* Unless prohibited by the Borrower's bank, the Mortgagee must present the check for payment twice before it can be deemed "uncollectible" when returned unpaid.

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Appendix 3.0 – Post-Endorsement Fees and Charges by HOC (Applies to Servicing Only)**Santa Ana HOC**

Type of Service	AK	AZ	CA	HI	ID	NV	OR	WA	Pacific Islands
Substitution of Hazard Insurance Policy	\$15	\$10	\$10	\$10	\$15	\$10	\$15	\$15	\$10
Returned Check*	\$15	\$15	\$15	\$15	\$20	\$15	\$15	\$15	\$15
Modification of performing Mortgage	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Modification of the mortgaged Property	\$125	\$100	\$100	\$100	\$125	\$100	\$125	\$125	\$100
Incorporating a Borrower's name change into the Servicer's loan system	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Re-analyzing escrow accounts and providing new coupon books	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Copy of Mortgage Note	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Copy of Closing Disclosure**	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Copy of Amortization Schedule**	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Replacement Coupon Books	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Verification of Mortgage	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
Copy of Year-End Statement	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Transmittal of Payoff Statement via Facsimile	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Additional Payoff Statements***	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10

* Unless prohibited by the Borrower's bank, the Mortgagee must present the check for payment twice before it can be deemed "uncollectible" when returned unpaid.

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